

## CANACCORD GENUITY GROUP INC. Reports Fourth Quarter Fiscal 2016 Results

*Excluding significant items, fourth quarter loss per share of \$0.06<sup>(1)</sup>*

*(All dollar amounts are stated in Canadian dollars unless otherwise indicated)*

**TORONTO, June 1, 2016** – During the fourth quarter of fiscal 2016, the quarter ended March 31, 2016, Canaccord Genuity Group Inc. (Canaccord Genuity, the Company, TSX: CF) generated \$200.9 million in revenue. Excluding significant items<sup>(1)</sup>, the Company recorded a net loss of \$2.1 million or a net loss of \$5.1 million attributable to common shareholders<sup>(2)</sup> (a loss per common share of \$0.06). Including all expense items, on an IFRS basis, the Company recorded a net loss of \$22.7 million or a net loss attributable to common shareholders<sup>(2)</sup> of \$25.5 million (a loss per common share of \$0.29).

During the fiscal year ended March 31, 2016, Canaccord generated \$787.8 million in revenue and, excluding significant items<sup>(1)</sup>, recorded a net loss of \$6.0 million or a net loss attributable to common shareholders<sup>(2)</sup> of \$18.6 million (a loss per common share of \$0.21). Including all expense items, on an IFRS basis, the Company recorded a net loss of \$358.6 million or a net loss of \$370.5 million attributable to common shareholders<sup>(2)</sup> (a loss per common share of \$4.09).

“While our results reflect the impact of global growth concerns that persisted through the fiscal year and led to significantly reduced activity across financial markets, we are encouraged by improving activity levels across core focus sectors in recent months,” said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. “During the second half of the year, we made significant progress on our strategy to improve efficiencies and reduce fixed costs across our business and we are well positioned to return all of our businesses to profitability.”

As previously reported in connection with our Q3/16 results, the Company recorded in Q3/16 as significant items, impairment charges in respect of goodwill and other assets in the amount of \$321.0 million and restructuring costs of \$4.3 million. Significant items recorded in the fourth quarter of fiscal 2016 include restructuring costs of \$13.1 million in respect of the restructuring program that was announced in connection with our Q3/16 results, a non-cash accounting charge related to the surrender of certain stock awards granted during Q3/16 in the amount of \$8.1 million and the amortization of intangible assets acquired in connection with a business combination in the amount of \$2.8 million.

With the weak market conditions experienced through fiscal 2016, certain incentive compensation pools as recorded under our normal methodology were determined to be lower than would be required to provide necessary compensation to selective key production staff and, as a result of adjustments to these pools in both Q3/16 and Q4/16 our compensation expense as a percentage of revenue was higher in each of these quarters and for the fiscal year than in previous fiscal periods. It is expected that compensation ratios will return to a level generally in line with ratios experienced prior to Q3/16.

The Company is continuing its review of its operations and cost structure. Opportunities and strategies for reducing costs have been identified in respect of compensation expense, communications and technology costs,

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<sup>1</sup> Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6.

<sup>2</sup> Net (loss) income attributable to common shareholders is calculated as the net (loss) income adjusted for non-controlling interests and preferred share dividends.

trading costs and promotion and travel expenses. As these strategies and initiatives are implemented, the Company expects to realize cost savings in these areas through fiscal 2017.

Included in development costs is the non-cash accounting charge referred to above in respect of the surrender of long-term incentive awards granted to Dan Daviau and Pat Burke in connection with their appointments as Chief Executive Officer and President of Canaccord Genuity (Canada), respectively, during fiscal 2016. The accounting charge, offset by a corresponding increase in shareholders' equity, was in the aggregate amount of \$8.1 million and was related to the unamortized balance of their awards as of March 31, 2016 in accordance with applicable accounting standards.

The Company intends to undertake a private placement in which employees would subscribe on market terms for up to approximately 7 million common shares of the Company, together with a 1/2 of a share purchase warrant. The shares and the warrants would have significant resale restrictions to promote long term employee ownership. Proceeds from the proposed private placement would be used to fund the purchase by the Company's independent employee benefit trusts of common shares in the market to cover future grants of restricted share units to employees.

A key priority for our organization is ensuring that employees are directly aligned with our shareholders," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "By implementing a program that encourages long-term share ownership by our employees, we promote alignment with our shareholders and stability across the organization."

#### **FISCAL 2016 VS. FISCAL 2015**

##### **12 months ended March 31, 2016 vs. 12 months ended March 31, 2015**

- Revenue of \$787.8 million, a decrease of 10.6% or \$93.0 million from \$880.8 million
- Excluding significant items, expenses of \$793.9 million, a decrease of 4.1% or \$33.6 million from \$827.5 million<sup>(1)</sup>
- Expenses of \$1.2 billion, an increase of 29.9% or \$265.4 million from \$886.4 million
- Excluding significant items, a net loss of \$6.0 million compared to net income of \$39.3 million<sup>(1)</sup>
- Net loss of \$358.6 million, compared to a net loss of \$11.3 million
- Excluding significant items, loss per common share of \$0.21 compared to diluted earnings per common share (EPS) of \$0.25 in fiscal 2015<sup>(1)</sup>
- Loss per common share of \$4.09 compared to a loss per common share of \$0.27 in the prior year

#### **FOURTH QUARTER FISCAL 2016 VS. FOURTH QUARTER FISCAL 2015**

##### **3 months ended March 31, 2016 vs. 3 months ended March 31, 2015**

- Revenue of \$200.9 million, a decrease of 13.6% or \$31.6 million from \$232.5 million
- Excluding significant items, expenses of \$204.3 million, a decrease of 7.2% or \$15.8 million from \$220.0 million<sup>(1)</sup>
- Expenses of \$228.2 million, a decrease of 12.5% or \$32.6 million from \$260.8 million
- Excluding significant items, a net loss of \$2.1 million compared to net income of \$8.8 million<sup>(1)</sup>
- Net loss of \$22.7 million compared to a net loss of \$26.3 million
- Excluding significant items, a loss per common share of \$0.06 compared to diluted EPS of \$0.05 in the fourth quarter of 2015<sup>(1)</sup>
- Loss per common share of \$0.29 compared to a loss per common share of \$0.33

## **FOURTH QUARTER OF FISCAL 2016 VS. THIRD QUARTER OF FISCAL 2016**

### **3 months ended March 31, 2016 vs. 3 months ended December 31, 2015**

- Revenue of \$200.9 million, an increase of 10.5% or \$19.1 million from \$181.8 million
- Excluding significant items, expenses of \$204.3 million, an increase \$0.1 million from \$204.2 million<sup>(1)</sup>
- Expenses of \$228.2 million, a decrease of 57.1% or \$304.3 million from \$532.5 million
- Excluding significant items, a net loss of \$2.1 million compared to a net loss of \$19.1 million<sup>(1)</sup>
- Net loss of \$22.7 million compared to a net loss of \$346.4 million
- Excluding significant items, a loss per common share of \$0.06 compared to a loss per common share of \$0.25 in the third quarter of 2016<sup>(1)</sup>
- Loss per common share of \$0.29 compared to a loss per common share of \$3.91 in the third quarter of fiscal 2016

### **Financial condition at end of fourth quarter 2016 vs. fourth quarter 2015**

- Cash and cash equivalents balance of \$428.3 million, an increase of \$106.0 million from \$322.3 million
- Working capital of \$381.3 million, a decrease of \$45.9 million from \$427.2 million
- Total shareholders' equity of \$749.9 million, a decrease of \$367.6 million from \$1,117.5 million
- Book value per diluted common share for the period end was \$4.99, a decrease of 42.7 % or \$3.72 from \$8.71<sup>(3)</sup>
- On June 1, 2016, the Board of Directors considered the Company's dividend policy in the context of the market environment and Canaccord's business activity and approved a continued suspension of the quarterly common dividend. This suspension will be reviewed quarterly and a determination made on the basis of business conditions and profitability.
- On June 1, 2016, the Board of Directors approved a cash dividend of \$0.34375 per Series A Preferred Share payable on June 30, 2016, with a record date of June 17, 2016, and approved a cash dividend of \$0.359375 per Series C Preferred Share payable on June 30, 2016, with a record date of June 17, 2016

## **SUMMARY OF OPERATIONS FOR THE QUARTER**

### **Corporate**

- On April 1, 2016 the Company announced its delisting from the London Stock Exchange
- On April 4, 2016, Canaccord Genuity Wealth Management (Canada) and Credit Suisse Asset Management announced an exclusive strategic partnership
- On April 8, 2016, the Company and SAC Capital Private Limited announced the sale of Canaccord Genuity Singapore Limited and a Strategic Partnership Arrangement

### **Capital Markets**

- During fiscal Q4/16 Canaccord Genuity led or co-led nine transactions globally, raising total proceeds of \$325.0 million<sup>(4)</sup>
- Canaccord Genuity participated in 32 transactions globally, raising total proceeds of \$9.7 billion<sup>(4)</sup> during fiscal Q4/16
- Significant investment banking transactions for Canaccord Genuity during fiscal Q4/16 include:

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<sup>3</sup> See Non-IFRS measures on page 6.

<sup>4</sup> Source: FP Infomart and Company Information. Transactions over C\$1.5 million.

- US\$110.1 million for Hutchison China Medtech on Nasdaq
- £48.0 million sell down for SuperGroup PLC on LSE
- £36 million for HICL Infrastructure on LSE
- US\$45.0 million for Senseonics Holdings, Inc.
- €23.75 million private placement for TiGenix NV on EuroNext Brussels
- AUD\$125 million for Orocobre Limited on ASX
- AUD\$75.0 million for ImpediMed Limited on ASX
- C\$27.1 million for Merus Labs International Inc. on TSX
- AUD\$20.3 million for Blackham Resources Limited on ASX
- Canaccord Genuity generated advisory revenues of \$54.6 million during fiscal Q4/16 and \$158.0 million during fiscal 2016
- During fiscal Q4/16, significant M&A and advisory transactions included:
  - Astorg Partners on the sale of Saverglass
  - Barclays on the sale of offshore trust and fiduciary business
  - CalAmp on the US\$134 million acquisition of Lojack Corporation
  - Centric Health Corporation on the sale, for gross proceeds up to C\$250 million, of its physiotherapy rehabilitation and assessments segment to Audax Private Equity
  - COM DEV International Ltd. on the C\$125 million spin-out of exactEarth
  - COM DEV International Ltd. on the C\$455 million sale of its equipment business to Honeywell International Inc.
  - CryoLife, Inc. on the US\$130 million acquisition of On-X Life Technologies Holdings, Inc.
  - Disposal of Alcyane Consulting to CGI Group
  - Estrella International Energy Services Ltd. on the restructuring of its outstanding convertible debentures
  - Gaucho Holdings Limited on its sale to Equistone Partners Europe
  - GFL Environmental Inc. on the \$800 million acquisition of the Matrec solid waste division from Trans Force Inc.
  - Imperial Capital on sale of Lise Watier Cosmétiques to Groupe Marcelle
  - Kicking Horse Energy Inc. on its C\$356 million sale to ORLEN Upstream Canada
  - LED Linear on its Euro 61 million sale to Fagerhult
  - Merit Medical Systems on the acquisition of the HeRo<sup>®</sup> Graft from CryoLife, Inc.
  - NTR Plc on the Euro 250 million close of its wind investment fund, NTR Wind 1
  - Openwave Messaging Inc. on sale to Synchrocross Technologies
  - Rockhopper Exploration PLC on its merger with Falkland Oil and Gas Limited
  - Triotech on an C\$80 million investment by Caisse de depot et placement du Quebec
  - TUC Brands Ltd. On its merger with CareWorx Inc.
  - Vermeer Capital on the sale of Régie Linge Développement

#### **Canaccord Genuity Wealth Management (Global)**

- On a global basis, Canaccord Genuity Wealth Management generated revenue of \$61.4 million in Q4/16
- Total assets under administration<sup>(3)</sup> in Canada, and assets under management<sup>(3)</sup> in the UK, Europe and Australia, were \$32.7 billion at the end of fiscal Q4/16

#### **Canaccord Genuity Wealth Management (North America)**

- Canaccord Genuity Wealth Management generated \$25.5 million in revenue and recorded a net loss before taxes of \$3.2 million in Q4/16
- Assets under administration<sup>(3)</sup> in Canada were \$9.19 billion, an increase of 1.7% from \$9.04 billion at the end of Q3/16 and a decrease of 14.3% from \$10.73 billion at the end of Q4/15
- Assets under management<sup>(3)</sup> in Canada (discretionary) were \$1.26 billion, a decrease of 0.4% from \$1.26 billion at the end of Q3/16 and a decrease of 19.5% from \$1.56 billion at the end of Q4/15

- As at March 31, 2016, Canaccord Genuity Wealth Management had 139 Advisory Teams<sup>(5)</sup>, a decrease of 13 Advisory Teams<sup>(5)</sup> from March 31, 2015 and a decrease of one from December 31, 2015

**Canaccord Genuity Wealth Management (UK and Europe)**

- Wealth management operations in the UK and Europe generated \$34.9 million in revenue and, excluding significant items, recorded net income of \$5.0 million before taxes<sup>(1)</sup> in Q4/16
- Assets under management (discretionary and non-discretionary)<sup>(3)</sup> were \$22.8 billion (£12.2 billion), a decrease of 7.1% from \$24.5 billion (£11.9 billion) at the end of Q3/16 and an increase of 4.7% from \$21.8 billion (£11.6 billion) at the end of Q4/15

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<sup>5</sup> Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book of business.

## Non-IFRS Measures

The non-International Financial Reporting Standards (IFRS) measures presented include assets under administration, assets under management, book value per diluted common share and figures that exclude significant items. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions. Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments and, commencing in Q1/14, adjusted for shares purchased under the Company's normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

Management believes that these non-IFRS measures will allow for a better evaluation of the operating performance of Canaccord Genuity Group Inc.'s business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of Canaccord Genuity Group's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of Canaccord Genuity Group's business; thus, these effects should not be ignored in evaluating and analyzing Canaccord Genuity Group's financial results. Therefore, management believes that Canaccord Genuity Group's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

### Selected financial information excluding significant items <sup>(1)</sup>

(C\$ thousands, except per share and % amounts)	Three months ended March 31		Quarter-over-quarter change	For the years ended March 31		Year-over-year change
	2016	2015		2016	2015	
Total revenue per IFRS	<b>\$200,912</b>	\$232,465	(13.6)%	<b>\$787,805</b>	\$880,763	(10.6)%
Total expenses per IFRS	<b>228,210</b>	260,835	(12.5)%	<b>1,151,776</b>	886,420	29.9%
<i>Significant items recorded in Canaccord Genuity</i>						
Amortization of intangible assets	<b>1,346</b>	1,691	(20.4)%	<b>5,409</b>	6,823	(20.7)%
Impairment of goodwill and other assets	—	10,000	(100.0)%	<b>321,037</b>	14,535	n.m.
Restructuring costs	<b>8,328</b>	20,997	(60.3)%	<b>11,305</b>	20,997	(46.2)%
Development costs	<b>1,157</b>	—	n.m.	<b>1,157</b>	—	n.m.
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>						
Amortization of intangible assets	<b>1,471</b>	1,467	0.3%	<b>6,055</b>	7,591	(20.2)%
Restructuring costs	<b>165</b>	—	n.m.	<b>165</b>	783	(78.9)%
<i>Significant items recorded in Corporate and Other</i>						
Restructuring costs	<b>4,582</b>	1,433	219.8%	<b>5,882</b>	3,033	93.9%
Development costs	<b>6,904</b>	5,200	32.8%	<b>6,904</b>	5,200	32.7%
Total significant items	<b>23,953</b>	40,788	(41.3)%	<b>357,914</b>	58,962	n.m.
Total expenses excluding significant items	<b>204,257</b>	220,047	(7.2)%	<b>793,862</b>	827,458	(4.1)%
Net (loss) income before income taxes – adjusted	<b>(3,345)</b>	12,418	(126.9)%	<b>\$(6,057)</b>	53,305	(111.4)%
Income tax (recovery) expense – adjusted	<b>(1,232)</b>	3,598	(134.2)%	<b>(62)</b>	13,975	(100.4)%
Net (loss) income – adjusted	<b>\$(2,113)</b>	\$8,820	(124.0)%	<b>\$(5,995)</b>	\$39,330	(115.2)%
(Loss) earnings per common share – basic, adjusted	<b>\$(0.06)</b>	\$0.05	(220.0)%	<b>\$(0.21)</b>	\$0.27	(177.8)%
(Loss) earnings per common share – diluted, adjusted	<b>\$(0.06)</b>	\$0.05	(220.0)%	<b>\$(0.21)</b>	\$0.25	(184.0)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures above.

n.m.: not meaningful

## **ACCESS TO QUARTERLY RESULTS INFORMATION**

Interested investors, the media and others may review this quarterly earnings release and supplementary financial information at <http://www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx>

## **CONFERENCE CALL AND WEBCAST PRESENTATION**

Interested parties are invited to listen to Canaccord Genuity's fiscal fourth quarter 2016 results conference call, via live webcast or a toll free number. The conference call is scheduled for Thursday, June 2, 2016 at 5:00 a.m. Pacific time, 8:00 a.m. Eastern time, 1:00 p.m. UK time, 9:00 p.m. China Standard Time, and on June 3, 2016, at 12:00 a.m. Australia EST. During the call, senior executives will comment on the results and respond to questions from analysts and institutional investors.

The conference call may be accessed live and archived on a listen-only basis via the Internet at: <http://www.canaccordgenuitygroup.com/EN/NewsEvents/Pages/Events.aspx>

Analysts and institutional investors can call in via telephone at:

- 647-427-7450 (within Toronto)
- 1-888-231-8191 (toll free outside Toronto)
- 0-800-051-7107 (toll free from the United Kingdom)
- 0-800-91-449 (Toll free from France)
- 10-800-714-1191 (toll free from Northern China)
- 10-800-140-1195 (toll free from Southern China)
- 1-800-287-011 (toll free from Australia)
- 800-017-8071 (toll free from United Arab Emirates)

Please ask to participate in the Canaccord Genuity Group Inc. Q4/16 results call. If a passcode is requested, please use 68962903.

A replay of the conference call will be available on June 2, 2016, after 8:00 a.m. (Pacific Time), 11:00 a.m. (Eastern Time) 4:00 p.m. (UK Time), and on June 3, 2016, at 12:00 a.m. (China Standard Time) and at 3:00 a.m. (Australia EST Time) until July 18, 2016 at 416-849-0833 or 1-855-859-2056 by entering passcode 68962903 followed by the pound (#) sign.

## **ABOUT CANACCORD GENUITY GROUP INC.:**

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company) is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. The Company has offices in 10 countries worldwide, including wealth management offices located in Canada, Australia, the UK, Guernsey, Jersey, and the Isle of Man. Canaccord Genuity, the international capital markets division, operates in Canada, the US, the UK, France, Ireland, Hong Kong, China, Australia and Dubai. To us there are no foreign markets.™

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX. Canaccord Genuity Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. Canaccord Genuity Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

**FOR FURTHER INFORMATION, CONTACT:**

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None of the information on the Company's websites at [www.canaccordgenuity.com](http://www.canaccordgenuity.com), [www.canaccordgenuitygroup.com](http://www.canaccordgenuitygroup.com), and [www.canaccordgenuity.com/cm](http://www.canaccordgenuity.com/cm) should be considered incorporated herein by reference.